



**Congressman Kurt Schrader**

## **Frequently Asked Questions about H.R. 3200, America's Affordable Health Choices Act**

**As of August 31, 2009**

### **1. When will these new rules take effect? Aren't we rushing healthcare reform?**

Some insurance reforms take effect right away. Insurers would be prohibited from denying you coverage when you become sick and also be required to meet minimum operational standards. Most of the reforms do not take effect until 2013 to allow individuals, businesses, providers and insurers time to adjust.

Healthcare reform has been worked on by Congress for the last 40 years. Many of the ideas in this package have been reviewed and proposed over the last 20 years. Congress has slowed healthcare reform to allow the public to give their input during the month long August work period. Three House committees' amendments are being incorporated into a product for the House to vote on. Additional amendments are allowed to be offered on the floor of the House while H.R. 3200 is considered this fall. The Senate and House versions will have to be reconciled later this year.

### **2. If I like my current insurance plan, can I keep it?**

Yes, if you are covered in the individual insurance market, you can keep your plan permanently and it will count as acceptable coverage even if it doesn't meet those terms under the new law. Your company may of course change the coverage at any time, like now, and then you and they would be subject to the new law.

If you have employer based coverage, the coverage does not have to change for five years. At that time all employer based plans must comply with the new rules and benefit minimums. Most employers especially in the Northwest, meet many of them already.

**3. Can I keep my health reimbursement arrangement “HRAs”, flexible spending account “FSAs”, or health savings account “HSAs”?**

Yes. Employers may still receive benefits under employer-provided HSAs, HRAs, and FSAs, including FSAs that are funded by contributions from employees providing there are no substantive changes to coverage going forward in those plans. There are some changes in the new law to make the tax deduction rules equivalent between these plans and the deduction available to taxpayers who have health expenses that exceed 7.5 percent of adjusted gross income, where spending on over-the-counter medications isn't counted for the deduction.

**4. Will members of Congress be subject to the provisions of the new law?**

Yes, most members of Congress get a choice of plans through an exchange called FEHBP that their employer, the Federal government, provides. Their employer plan will have to meet the same standards as every other plan under the new rules.

**5. I'm insured and like my plan, how will I benefit under this bill?**

If you lose your job and therefore your job related insurance you can still get reasonably priced healthcare insurance based on your ability to pay.

Under the new law millions of people without coverage today will have coverage, so private insurance companies should be able to reduce their premiums. Up to 10 percent of private pay premiums are estimated to be there to cover losses in helping the uninsured through cost shifts.

If you have insurance but it's becoming unaffordable for you, you might be eligible to purchase less expensive coverage in the exchange.

The new law limits your out of pocket costs to \$5000 per individual and \$10,000 per family and prohibits lifetime limits on benefits so you don't have to worry about medical bankruptcy due to unexpected costs.

And, the original goal was to moderate the double digit rate increases in your insurance plan and help reduce our national debt of which healthcare costs are a big part. While the current version of H.R. 3200 doesn't quite get us there, some amendments when melding the House and Senate plans will likely get us there.

**6. If we add all these previously uninsured to our healthcare system, how do we avoid long waits to get care since there is a physician shortage?**

The House bill makes significant investments to train more primary care providers including physicians, nurses, nurse practitioners, dentists, physician assistants, dental hygienists and more. There will be loans, incentives, and adjustments for primary care providers especially in underserved areas. Changes in reimbursement rates to 100 percent of cost will make it possible for students to be able to afford a career as a family physician after graduation. There will be an increased emphasis on training of primary care physicians in hospital residency programs. Primary care doctors will be able to participate in “medical homes” and “accountable care organizations” that will help coordinate your care and support their practices.

**7. Expanding access to insurance is great but how can I afford to purchase health insurance if I don't make a lot of money?**

Your employer may not charge you more than 28 percent of your individual premium or 35 percent if you have family coverage or 12 percent of your income for your health insurance. Otherwise, you qualify to leave your employer's plan and go to the exchange for coverage. For individuals not on employer sponsored plans or those that are being overcharged as outlined above, “affordability credits” are provided for families with incomes below 400 percent of the Federal poverty level, around \$88,000. Your government will essentially subsidize part of your premium cost in any non-employer private or public plan under the exchange. The subsidies are provided on a sliding scale.

**8. I am a healthy 25-year old. What's in it for me?**

Affordable healthcare when you need it. Young people frequently earn much less than older people, and the affordability credits available in the Exchange will help subsidize your premium costs so you can now afford insurance. And if you want to start a family, you have the reassurance that you will be able to afford their healthcare. Maternity and well baby care are a part of the basic benefit package every healthcare plan must now cover under the new rules.

**9. What should I expect to pay out-of-pocket in the reformed healthcare system?**

The bill limits out-of-pocket costs, above your premiums, to \$5,000 per individual and \$10,000 per family adjusted by the consumer price index going forward. You will not be one serious illness away from bankruptcy. If you want to purchase enhanced or supplemental policies above the basic benefits package you will be responsible for the additional cost.

**10. What will be in the “basic benefits package” that all plans will have to cover and who determines the details of what is covered?**

The basic benefits that all plans will have to cover include; hospitalization, outpatient care, doctors and other health professionals, equipment and supplies needed for physician authorized care, prescription drugs, rehab services, mental health services, preventative services, maternity care and well baby and child care (including dental, vision and hearing up to age 21). A broadly representative Health Benefits Advisory Committee chaired by the Surgeon General will develop the details of the basic services with public input. Adults may obtain dental and vision by paying additional for those services in the enhanced plan version.

**11. Do I have to buy health insurance?**

Yes. The House bill is a shared responsibility model where all Americans except the very poor, generally less than 133 percent of the Federal poverty level (about \$14,400) and all businesses except those with payrolls less than \$500,000 must pay something towards their own healthcare.

**12. I heard that this health reform will result in the rationing of healthcare. Will it?**

There is nothing in H.R. 3200 that will result in rationing of care. Some opponents point to the new center for comparative effectiveness research that is tasked with doing scientific research to figure out which treatments and medications work best for patients. Rather than rationing care, comparative effectiveness research will result in better patient care by insuring that you and your doctor have the best information so that you, not the insurance provider, can decide which healthcare treatment is best for you.

**13. Will my federal tax dollars pay for birth control pills, abortion services, and family planning?**

A new amendment to the bill expressly prohibits federal tax dollars from paying for abortions. Current law in all these areas is retained, even under any “public option”. States will have discretion to use their own tax dollars as they see fit as under current law.

**14. I am a person with a disability. Will the new law cover my care?**

Medicare and Medicaid will continue to be available for those with severe disabilities with the same benefits. The insurance plans in the Exchange will cover a comprehensive benefit package that will likely cover the care that most other people need. And no insurance company may deny you coverage because of your preexisting condition.

**15. Are illegal immigrants covered?**

No. The bill explicitly prohibits illegal aliens from receiving any Federal dollars to subsidize health insurance: “Nothing in this subtitle shall allow Federal payments for affordability credits

on behalf of individuals who are not lawfully present in the United States. Comprehensive immigration reform will be needed to help deal with those illegally in our country who seek medical attention in our emergency rooms since most medical communities are unlikely to turn away any sick or injured individual that asks for help.

**16. I heard that the new law cuts half a trillion dollars out of Medicare. What will that mean for my healthcare as a senior citizen?**

It will not mean any reduction in your Medicare benefits. We are making significant changes to payment policies in the Medicare program that many have asked for decades but we have not had the political will to do. They eliminate waste, curb fraud, stop overpayments, pay for better outcomes, improve reimbursement and modernize Medicare. In fact these program changes strengthen Medicare by making the program more sustainable for the long-run and help bend the cost curve of a program expected to face serious financial difficulty by 2017 if we continue to do nothing. These savings are used to pay a big part of the cost of healthcare reform.

**17. Are my Medicare benefits going to decrease?**

No. In fact, this legislation enhances your Medicare benefits. It fills the Medicare Part D drug program “donut hole” which currently leaves a gap in your prescription drug coverage that could put you into bankruptcy or make you chose between food and healthcare. A large down payment (roughly 50 percent) is made immediately into the donut hole and it is eliminated by 2023. On the preventative health front, to ensure that people take better advantage of preventive healthcare, it eliminates all cost-sharing (copayments and deductibles) for preventive services. It also reduces asset test requirements in the low-income subsidy programs in Medicare so that more people get the financial help they need to make sure Medicare is affordable for them. Also, by fixing an antiquated provider reimbursement formula, we markedly improve physician Medicare reimbursements. More doctors will be able and willing to see Medicare patients again.

**18. Are my Medicare premiums going up?**

No. This legislation will have the opposite impact. The payment changes made in the bill will actually slow future increases in the Part B premium due to the savings and efficiencies mentioned earlier.

**19. Will I still be able to see my doctor?**

Yes, you will. This legislation is endorsed by the American Medical Association and many other medical organizations precisely because of the positive changes it makes for physicians who

participate in Medicare. It fixes the long-standing problem with the Medicare physician payment formula and prevents a scheduled 20 percent rate cut in physician payments in Medicare. It also makes unprecedented investments in the promotion of primary care which should enhance your access to primary care physicians and other health professionals.

**20. I have heard that my Medigap plan may no longer be available?**

No, nothing in the bill affects Medigap plans. You will still have total access to your Medigap plans.

**21. What is all this about euthanasia panels being developed in this new law?**

There is no such thing of course. The House bill merely provides for optional coverage of discussions between a doctor and aging patients about how to deal with end of life issues. Most people never get around to outlining how they would like their family to take care of them until it is too late. This bill actually just pays doctors to have that conversation, if you want it, so they won't just brush you off to go to the next money making procedure and leave your concerns behind.

**22. Shouldn't we wait until the recession is over before trying to reform healthcare?**

Probably not. Healthcare reform is an economic imperative as much as it is a moral one. Everyone agrees that the future economic health of our nation is dependent on getting our double digit healthcare rate increases under control. Currently 17 percent of our economy goes to pay for healthcare. That is almost twice that of other nations. And it is expected to go much higher absent reform. Top economists and leaders agree that healthcare reform is essential to reduce our national debt.

**23. Why aren't we doing single payer reform like Europe or Canada?**

There is not the support in Congress needed to pass a single-payer plan, even though that is where some Members wish we were. Instead, the House plan has a "public option" for healthcare for Americans. A strong public option could still be a powerful counterweight to private insurance plans. With no profit motive and possibly less administration costs, a well managed non-profit public option could help reduce premiums competitively.

**24. Isn't a "Public Option" just another kind of government sponsored healthcare program?**

No, in fact, the House bill and recent amendments go to great lengths to be sure no taxpayer money goes into the "public option" other than some start up money that it must pay back over the next 10 years. The public option must pay for its own administrative costs, have reserve

requirements like private insurers, and negotiate its own rates. Recent amendments eliminate an unfair competitive advantage originally allowing the “public option” to set its rates at Medicare plus 5 percent.

The Northwest abounds in good examples of viable non-profit type healthcare systems like Care Oregon, Kaiser, and Good Health that compete well with private insurance and not undermine our free market system.

**25. I don't like or want government getting involved in my healthcare.**

It already is. Medicare provides healthcare for our seniors, Medicaid serves the vulnerable poor, and Tricare and the V.A. help our active duty military and veterans. These are programs that save lives for millions of Americans that otherwise would also be unable to afford healthcare in the current market.

**26. Have you read the bill?**

Yes, I have, several times. I have also read summaries, commentaries and Congressional Budget Office documents on the healthcare reform proposals. We also had a long session for all the Members of Congress to walk through the legislation section-by-section.

**27. Are you going to tax my employer provided healthcare benefits?**

The House bill does not tax employer provided healthcare benefits. Such benefits are currently excluded from an employee's taxable income and the House bill does not change this tax exclusion. That issue is still under discussion in the Senate.

**28. I am a business owner what will I have to do for my employees?**

The House healthcare reform bill requires larger employers to either offer coverage to their employees or pay a payroll tax. If an employer decides to offer coverage for their full-time employees then the employer must make a contribution of 72.5 percent of the premium for individual coverage and 65 percent of the premium for family coverage. If an employer has part time employees, this amount will be reduced relative to the hours those employees work. If an employer decides not to offer coverage then the employer pays a payroll tax between 2 - 8 percent of the employer's payroll depending on the overall size of the businesses payroll. Small employers with payrolls less than \$500,000 will pay no tax and are not required to offer healthcare coverage.

**29. I am a small business owner. What will I have to do for my employees?**

The House bill actually helps you. Small businesses will benefit from the insurance reforms that prohibit insurance companies from discriminating against small businesses access to coverage

at rates similar to what large employers enjoy. The pooling concept nationally through the Exchange will help small businesses see a decline in the double digit premium rate increases they currently see every year and will no longer have to worry what happens to your premiums as employees get older, have babies, or get sick.

Small businesses with low average payroll and low numbers of employees will be eligible for a tax credit to help them afford health insurance. These are businesses who are least able to offer coverage to their employees. Many small businesses will be exempt from any requirement to offer coverage or pay a penalty. In H.R. 3200 as amended, if a small business annual payroll is \$500,000 or less, then there is no penalty if the employer decides not to offer coverage. However, even these firms could be eligible for the tax credit if they decide they want to offer coverage. Over 90% of all firms would pay less than the 8 percent if they do not offer coverage.

**30. I am an employer with part-time employees. So I have to provide health insurance for them?**

You have the option of providing part-time employees with health coverage by contributing a share of the expense, or contributing to the Exchange in order for part-time employees to get coverage there. Your contribution wouldn't be as much as for a full-time employee, but would be relative to how many hours your part-time employee works. If you don't offer coverage, you would have to pay the penalty, from 2 – 8 percent depending on the size of your total part-time payroll.

**31. Does the healthcare surcharge proposed by the House to help pay for healthcare reform hurt small business?**

That is in the eye of the beholder. 96 percent of small business owners would be unaffected. Using the broadest definition of a small business owner the nonpartisan Joint Committee on Taxation has estimated that only 4.1 percent of all small business owners would be affected by the healthcare surcharge. Half of the 4.1 percent of small business owners earn less than one third of their income from their small business.

**32. What is this Exchange I keep hearing about? Is it the “public option”?**

The Exchange is the overarching regulatory body that would monitor the insurance market in America to assure a level playing field among both public and private health insurance providers and consistent benefits and delivery standards across the nation for all Americans. It would work closely with the States and their regulatory bodies to insure consistency and flexibility across state lines. It is not the public option. Both public and private insurers will be



able to offer products under the Exchange where you will be eligible for government subsidized “affordability credits” to help you pay for and afford your healthcare insurance.